

2008 GENERAL SESSION FISCAL NOTE WORKSHEET XI (Revised Jan. 2008)

Agency: UTAH STATE OFFICE OF EDUCATION Bill Number HB278

TITLE OF BILL: CHARTER SCHOOL FUNDING AMENDMENTS by Rep. Ron Bigelow

Requested by: Patrick Lee

Fax/Electronic Mail Transmittal To:

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Name:	<u>Patrick Lee</u>
Date:	<u>January 16, 2008</u>
Fax Number:	_____

Please return to Fiscal Analyst by: January 16, 2008

This Bill Takes Effect: ☐ On passage ☒ On July 1 ☐ 60 Days after session ☐ Other _____

Bill Carries Own Appropriation: ☐

FISCAL IMPACT OF PROPOSED LEGISLATION

	FY 2008 Supp.	FY 2009	FY 2010
A. REVENUE IMPACT BY SOURCE OF FUNDS			
1. General Fund			
2. Uniform School Fund - Education Fund			
3. Transportation Fund			
4. Collections			
5. Other Funds (List Below)			
6 Local Funds			
7. TOTAL	\$ -	\$ -	\$ -

B. EXPENDITURE IMPACT:

By Source of Funds			
1. General Fund			
2. General Fund, One Time			
3. Uniform School Fund - Education Fund		\$38,776,000	\$30,477,108
3. Transportation Fund			
4. Collections			
5. Other Funds (List Below)			
6. Local Funds			
7. TOTAL	\$ -	\$ 38,776,000	\$ 30,477,100
By Expenditure Category			
1. Salaries, Wages and Benefits			
2. Travel			
3. Current Expenses			
4. D.P. Current Expenses			
5. Capital Outlay <u>For Charter Schools</u>		\$15,900,843	\$18,315,843
6. D.P. Capital Outlay			
7. Other (Specify) <u>For Charter Schools K-12 operations</u>		\$22,875,157	\$12,161,265
8. TOTAL	\$ -	\$ 38,776,000	\$ 30,477,100

C. IMPACT IN FUTURE YEARS?

If no fiscal impact in the first two years, indicate any impact in future years, and explain. Also, indicate any significant changes in fiscal impact beyond the first two years. (Use back side, or attachment, if necessary.)

Cathy Dudley MSP Budget and Property Tax Specialist - USOE 801.538.7667 January 15, 2008
Prepared By Title Agency Phone # Date

D. Identify Sections of the Bill That Will Generate the Additional Workload or Cost Increase

Lines 55-69 will generate a workload increase for the Utah State Office of Education to determine that amount and then subtract it from the school districts' funding and remit it to the charter schools. Lines 130-142 will generate a cost increase through this appropriation.

E. Expenditure Impact Details (Ties to totals in Section C)

List and document methodology and/or assumptions used in determining need for workload and cost increase.

List number, type, and step ranges of personnel required, including benefits.

List details of other impacted expenditure categories as shown in Section C.

List additional space requirements and cost associated with requirements of this bill.

(USE ATTACHMENTS IF NECESSARY.) The new formula for distribution will have to be calculated each year from the school districts actual tax revenue collected. This data would be collected from the school districts Annual Financial Report which is due on October 1 of the following school year. It should be mentioned either in the bill or a rule what year those revenues come from.

According to the new formula the per pupil local revenue amount calculates out to be \$1,027.78 (see cell P46 on the attached spreadsheet). Per the bill, the legislature would need to appropriate 65% of that figure (\$1,028) or 65% of \$1,069, whichever is greater. Multiplying \$1,069 by 65% gives a figure of \$694.85 equalling a total of \$22,875,157 for FY08-09 (\$694.85 X 32,921). Not knowing what the per pupil local revenue will generate in FY09-10, we will presume that 30% of \$1,069 is greater, therefore, we can multiply the 37,921 students (32,921 allowable in FY08-09 plus the additional 5,000 students allowable in FY09-10) by 30% of the \$1,069 (32,921 + 5,000 = 37,921 X 30% of \$1,069 = \$12,161,265).

The bill states that the legislature shall annually provide an appropriation to charter schools to replace property tax revenues for debt service. Based on the formula on the attached spreadsheet and using FY07 numbers, each student in charter schools would get \$483. So using that figure of \$483 for both FY09 and FY10, that calculates out to be \$15,900,843 (\$483 X 32,921 projected students) for FY08-09 and \$18,315,843 for FY09-10 (\$483 X 37,921 projected students).

The bill states using either October 1 enrollment counts or ADM counts and a kindergarten student weighted at .55. However, we are using the full 32,971 (FY08-09) or 37,971 (FY09-10) in these calculations as we do not have exact ADM figures at this time. And since we do not have exact debt service tax revenues for FY09 or FY10, we are using FY07 figures for estimation purposes.

It is important that it be clarified what year the data is being pulled from. We suggest that language in the bill state that the data comes from the prior year to ensure that actual data is used.

F. No Fiscal Impact or Will Not Require Additional Appropriations?

Specify why this bill will have no fiscal impact on your agency or institution.

Specify how you will reallocate workloads, resources, or funding sources to eliminate need for additional appropriations. (USE ATTACHMENTS IF NECESSARY.)

G. If Bill Carries Its Own Appropriation:

Indicate if the amount appropriated is adequate to meet the purposes of the bill.

Are there future additional costs anticipated beyond the appropriation in the bill? *N/A*

H. Impact on Local Governments, Businesses, Associations, and Individuals

Specify requirements in the bill that drive the impact on local governments.

Indicate costs or savings that are **DIRECT and MEASURABLE**. If direct and measurable data are not available, are there areas that potentially could have a fiscal impact? (USE ATTACHMENT IF NECESSARY.)

Local Governments: The appropriation for the replacement of debt service local tax revenues to charter schools will enable those schools to better able construct safe buildings for the students. However, this new distribution of local property taxes may reduce approximately thirteen charter schools' local replacement dollars based on current data and the spreadsheet that is attached (see column 20).

This new funding formula may also negatively impact school districts as they are losing some of their local property tax revenues without losing fixed costs even though some district students may leave.

Businesses and Associations: